



AOT in Action

TOURISM WORKS FOR ARIZONA!

Issue 119 – July 314, 2006

Welcome to AOT in Action, your weekly e-newsletter from the Arizona Office of Tourism (AOT).

A Message from the Director:

Good morning.

Tomorrow is the first day of August, giving you just 31 more days of summer to hit the road and explore the Grand Canyon State. Since May, AOT has been involved in the “Arizona’s Family Road Trip” campaign with 3TV and [azfamily.com](http://www.azfamily.com) that you may have seen on TV or heard about on the radio. The campaign highlighted various areas of the state, including Page and Lake Powell, the Grand Canyon, Flagstaff, Sedona, Prescott, Bisbee, Tucson and Tombstone, showing visitors what there was to do and see in some of the beautiful places throughout Arizona. I encourage all of you to take advantage of the final month of summer to hit the road with your family. You can visit www.azfamily.com to review destinations, get travel tips and weekend ideas, link to various travel resources and see photos and an interactive map of the featured areas. I especially want to thank all of the communities that have hosted this campaign and been a part of making summer travel in Arizona a success, and I also want to thank 3TV for all their hard work.

Have a great week!

Margie A. Emmermann
Director
Arizona Office of Tourism

AOT News Flash

Rural Tourism Development Grant Program Guidelines for Fiscal Year 2007

The Rural Tourism Development Grant Program (RTDGP) guidelines for fiscal year 2007 are now available. The primary objective of the competitive grant program is to provide coordinated funding for tourism related infrastructure projects. The funding amount for FY 07 is \$697,000. AOT has added \$197,000 of unallocated TEAM grant funds. These funds assist rural economic development through tourism to strengthen the regional and local economies and expand tourism in rural and Tribal communities throughout Arizona. The primary function of the infrastructure project must be tourism development and the project must be designed to initiate economic growth and enhance future tourism development. Applications are available on AOT's business-to-business Web site www.azot.gov under the Grants section. Applications must be postmarked and/or hand-delivered to the Arizona Office of Tourism no later than 3 p.m. Friday, August, 18, 2006.

Promoting - AZ - Advertising

2007 Arizona Official State Visitor's Guide (OSVG) Ad Sales

Ad sales for the 2007 OSVG are now in progress. The OSVG is the official fulfillment publication for the Arizona Office of Tourism. It is the largest and most complete visitor publication in the state and features detailed information and beautiful photography of all areas of the Grand Canyon State. The guide is mailed upon request *free* to consumers in response to inquiries generated by the AOT's advertising, PR efforts and Web site (www.arizonaguide.com) – both domestically and to AOT's five key international markets: Canada, Mexico, U.K., Germany and Japan. It is also distributed at trade shows, welcome centers, visitor bureaus and chambers of commerce throughout the state. The guide is published annually in January and has a circulation of approximately 620,000. Ad space must be reserved by September 7, 2006. For more information or to reserve your space, please contact Hennen Publishing & Marketing Group at (602) 906-3085 or info@hennenpmg.com.

Industry News

Hospitality 2010: Four 'Mega-Trends' to Shape Future

According to a new report, "*Hospitality 2010*", from Deloitte Touche Tohmatsu and the Preston Robert Tisch Center for Hospitality, Tourism and Sports Management at New York University, the hospitality industry will need to address four transformative issues over the next three to five years, including brand, emerging markets, human assets and technology. The report concludes: (1) Brand is expected to surpass location as a deciding

factor in hotel choices. (2) China, India and the Gulf States will experience substantial growth due to lower airfares and emerging middle classes keen to travel for the first time. These new markets pose unique challenges in politics and ownership, as well as in recruiting, training and retention of local staff. (3) Aging consumers will change the game as Baby Boomers in the United States and Europe are expected to live longer, be more active, travel more and desire new experiences both in terms of cultural and event-based tourism. The percentage of the population aged 65 and over in Europe is projected to increase from 15 percent in 2000 to nearly 25 percent by 2015 and increased travel by the 'silver' segment is likely to maintain Europe's position as the number one tourism exporting region. The industry will need to address the needs of aging consumers/travelers, as well as talent management issues, as aging populations hamper the ability to find sufficient staff in some regions. (4) The industry will need to play catch-up with technology as all the executives interviewed expect to increase IT investments, particularly in reservations, distribution, loyalty programs, and customer relationship management of room revenue. (Source: HospitalityNet)

STR: Hotels Score First-Half RevPAR Record

Smith Travel Research on Tuesday said the domestic hotel industry realized a 9 percent gain in revenue per available room in the first half of 2006, compared with the same period last year. The \$61.30 RevPAR for the first half was attained in part by a 6.87 percent growth in average daily rate from the same period last year, combined with a 2.1 percent uptick in occupancy. Jan Freitag, STR vice president, said the first-half RevPAR figures represent the highest year-over-year increase for the first six months since Smith Travel Research started tracking the hotel industry in 1988.

(www.BusinessTravelNews.com, 7/25; Special to Travel Advance)

Yahoo Debuts Trip Planner

Yahoo has debuted its new online tool called Yahoo Trip Planner, that enables travelers to save and share travel journals, itineraries and photos, providing more evidence that UGC (user-generated content) is transforming the Internet travel landscape. Yahoo's Trip Planner, which launched in beta phase nine months ago and now highlights more than 20,000 member trip plans on an interactive world map, is among more than a dozen new offerings from Web sites trying to attract travelers and advertisers by harnessing a collective consciousness. (Source: USA Today)

Online Channels to Generate 60 Percent of U.S. Travel Bookings by 2008

According to PhoCusWright, online channels are projected to generate 60 percent of all U.S. travel gross bookings by 2008, moving into a dominant position relative to offline channels. Online gross bookings growth will reflect not only the gains of the entire U.S. travel market, but the ongoing movement to online booking channels in all segments. This shift in the balance of power goes across all segments. PhoCusWright projects that 64 percent of all leisure gross bookings will be made online by 2008, versus 45 percent in

2005. Similarly, 48 percent of all corporate gross bookings will be online by 2008, compared to 31 percent in 2005. The unmanaged business segment is already dominated by the Internet channel, thanks to the online delivery of many capabilities previously reserved for travel agents to individuals and small businesses. By 2008, 82 percent of all unmanaged business bookings are projected to come be online in 2008, up from the already impressive 68 percent in 2005. (TIA TravelCom, 7/26)

U.S. Inbound Promotion Deemed a Success

In summary released on July 27, the U.S. Department of Commerce contended a government-sponsored promotion of the U.S. in the U.K. achieved its four goals and led to 362,500 British travelers visiting the U.S. as "a direct result of seeing ads" developed by DoC and an advisory board. The campaign, which utilized TV, subway posters, billboards and public relations activities, focused on a movie-related theme between late December, 2004 and early March 2005. The visits took place 12 months after the campaign ended and resulted in \$481 million in spending and \$79.9 million in federal and local taxes. The goals included increasing the awareness of the U.S. as a destination; developing a "positive perception" of the U.S.; influencing U.K. travelers to visit and increasing the economic benefits of the inbound traffic. The ads directed consumers to a Travel Industry Association web site and to a telephone link for a travel planner from the Visit USA Association UK. A similar campaign got underway in Japan on June 26. Both promotions have relied on a small amount of appropriated funds, augmented by private industry aid. (Special to Travel Advance)

Merger, Industry Recovery Help US Airways' Bottom Line

Thanks to a merger with America West last year "and continuing recovery in the airline industry," US Airways reported a \$305 million profit in the 2nd quarter this year, the Wall Street Journal reported. The results compare with year-ago losses at both carriers before the September merger closed. If fuel costs had remained at year-earlier levels, US Airways' operating expense would have been \$183 million less. The airline has benefited from increased demand for travel, higher fares and reduced seat capacity. The carrier filled 82.2 percent of its seats in the quarter versus 77.6 percent in the year earlier period. (Pages A2, Wall Street Journal; D2, Washington Post, B1, USA Today; C11, Washington Times)

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